



U.S. General Services Administration

Summary of Performance and Financial Information

Fiscal Year
2015



GSA Mission and Goals

The U.S. General Services Administration (GSA) mission is to deliver the best value in real estate, acquisition, and technology services. Our work in support of that mission is guided by a vision that focuses on three important principles -- Economic Catalyst, Proactive Federal Partner and Operational Excellence. With our acquisition expertise, information technology solutions and modern and efficient workspaces, GSA is positioned to help agencies to more successfully accomplish their missions.

As an Economic Catalyst, GSA is committed to working more closely with federal agencies and city officials to strategically build, lease and consolidate in places that make the most economic sense for the surrounding community by taking into consideration transit, housing, telecommunications infrastructure and other factors. GSA is working to provide opportunities for suppliers across the board, including small and medium-size businesses, new entrepreneurs, and those not familiar with working with the government, to support strong business participation in supporting the Federal Government.

In our role as a Proactive Federal Partner, GSA has significant knowledge about the agencies we support and it is our responsibility to use this knowledge to help them better serve the American People. In this role, GSA helps agencies improve service delivery and increase cost savings. By putting our customers at the core of our business, GSA ensures strong service for agency customers. In order to help GSA business lines work together toward common, customer centric outcomes, we have created an Office of Customer Experience that works on customer

issues throughout the agency. We are also piloting the Feedback USA initiative, an interactive real-time tool to gather feedback from users of government services.

GSA continues to strive for the highest levels of Operational Excellence. In recent years, this agency has done a great deal to improve ourselves as an organization. By collecting and relying on more data, enhancing reporting structures, and cultivating leaders, we have empowered people throughout GSA to make better decisions. GSA's most important asset is a strong, diverse and optimized workforce. We have leveraged Enterprise-wide programs such as the Competitive Development Program and GSA Rotational Program which afford employees the opportunity to cross-train within the Agency, increase collaboration, and provide future and current leaders the skills and development opportunities they require to meet GSA's evolving needs.

Today, the mission of GSA is more important than ever before. This vision is driving our agency forward and giving us the ability to deliver savings in real estate, acquisitions and technology services that allow our partner agencies to focus on serving the American people to the very best of their ability. This report demonstrates how GSA is working to create the most efficient agency possible. Connect with GSA on [Facebook.com/gsa](https://www.facebook.com/gsa), [Youtube.com/usgsa](https://www.youtube.com/usgsa) and [Twitter.com/usgsa](https://twitter.com/usgsa).

Find more information about GSA in the FY 2015 Agency Financial Report (AFR), available at [gsa.gov/afr2015](https://www.gsa.gov/afr2015).

GSA Performance

In FY 2015, through implementing our mission, GSA aspired to achieve three strategic goals:

- **Savings – Provide savings to federal departments and agencies.** We will use our purchasing power and expertise to deliver cost-effective real estate, acquisition and technology solutions to federal departments and agencies.
- **Efficiency – Improve the efficiency of operations and service delivery.** We will streamline our operations to offer high quality real estate, acquisition, and technology services at a good value to federal departments and agencies.
- **Service – Deliver excellent customer service.** We will deliver excellent customer service to federal agencies and departments by making it easier to reliably meet their real estate, acquisition, and technology needs.

Delivering Better Value and Savings

Using the purchasing power of the federal government we will reduce costs to our customer agencies, enabling them to focus on their core missions. We're going to improve upon this by finding more ways to solve our customers' problems in the coming year. We will look for new ways to help these agencies make their purchases smarter and more efficient. At the same time, we will look for new and innovative ways to maximize the value of our real estate assets.

Serving Our Partners

Every day the work that we do helps our customer agencies focus on their missions. Partnership on all levels is critical to the success of GSA. Strong partnerships

with partner agencies and vendors alike lead to good business decisions that create value and savings for our customers and the American taxpayer. It is our commitment to ensure that doing business with GSA is an easy and reliable experience. We are continuously improving our processes and systems to make them as simple and streamlined as possible.

Expanding Opportunities for Small Businesses

Small businesses are the engines that power the American economy. Contracting with these entrepreneurs is a win-win for both the federal government and the small business community. The government receives great service at great value, while small businesses have a great chance to grow their businesses and create jobs. GSA offers opportunities to small businesses across the country through our contract vehicles and through the contracts we award for other agencies.

Making a More Sustainable Government

Going green saves green. Environmentally friendly practices are good for the environment and for business. GSA is committed to both. As we work toward implementing sustainable practices and making our buildings and our fleet more environmentally-friendly, we will continue to work with vendors to make sustainable products and services readily available and affordable.

Leading with Innovation

GSA is a leader of innovation in public service. Among many firsts, we were the first government agency to move to cloud computing, setting an example for others to follow. In the coming years, we will continue

to develop innovative, cost saving solutions that will be shared across the government.

Building a Stronger GSA

We must make sure our own employees at GSA are getting the same high quality support that we give our partner agencies. Offering the very best training and resources to our employees will be the cornerstone of this effort. By doing so, the agency will better serve its employees, while continuing to ensure that our customers are receiving great service. We will guarantee that when we do something, we will do it once and do it well.

Cross-Agency Priority Goals

GSA currently contributes to the following Cross-Agency Priority Goals: Climate Change, Smarter IT Delivery, Customer Service, Shared Services, Open Data, Benchmark and Improve, Lab-to-Market, People

and Culture, and Cybersecurity. Visit performance.gov for more information on the GSA contributions and progress towards Cross-Agency Priority Goals.

Agency Performance Goals

A complete analysis of GSA's successes and challenges related to FY 2015 performance targets will be included in the Annual Performance Report.

GSA experienced mixed success in meeting FY 2015 performance improvement targets. GSA's greatest performance improvements were realized in operational efficiency by reducing indirect costs, reducing GSA information technology costs and capital projects were executed on schedule.

For more information about GSA's FY 2015 performance; see the Performance Section of the FY 2015 AFR, at GSA.gov/afr2015.

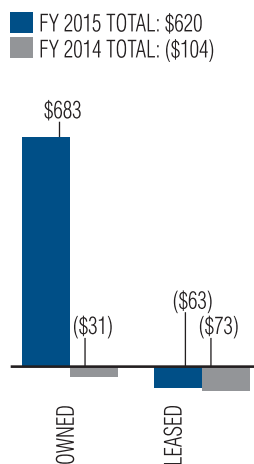
GSA Financial Results

KPMG LLP issued an unmodified opinion on GSA's FY 2015 financial statements. GSA's financial statements and the audit opinion results demonstrate the agency's commitment to accountability and integrity in financial management.

Federal Buildings Fund

The Federal Buildings Fund (FBF) is the primary fund of the Public Buildings Service (PBS). PBS provides workplaces for federal agencies and their employees. The FBF is primarily supported by rent paid to GSA from other federal entities. It also operates a Reimbursable Work Authorization program that provides alterations and lease improvements above those in the agencies' base rental agreements.

FBF Net Revenues from Operations in millions



In FY 2015, FBF gross revenue was \$11.4 billion. Revenues and expenses in the FBF come primarily from building operations and rent. Net revenues from operations are used to invest in major repairs and alterations to federal buildings and to partially offset costs of constructing new federal buildings. FBF reported net revenues in excess of expenses of \$620 million in FY 2015 compared to net costs exceeding revenue by \$104 million in FY 2014, representing an increase of \$724 million. While the net

operating results were up significantly, the primary cause was decreases in the long-term environmental liabilities estimates, totaling \$226 million, due to changes in the

amount of building space requiring cleanup, and updates to cost factors used in the methodology for estimating future cleanup costs.

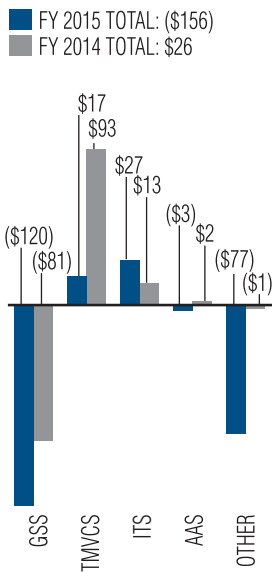
In the FBF, obligations are primarily the value of contracts awarded to commercial vendors for the construction of new federal buildings; for repairs and alteration, cleaning, utilities and other maintenance of GSA-owned federal buildings; and lease and related payments to commercial landlords for space leased by GSA for federal agencies. FBF Obligations Incurred has increased by \$238 million between FY 2015 and FY 2014. Gross Outlays decreased by \$200 million during FY 2015. FY 2015 outlays were lower mostly due to the continued depletion of funding received through the American Recovery and Reinvestment Act for new construction and building alterations. Offsetting Collections have decreased by \$240 million, which represent revenues collected from other federal agencies that offset expenditures made by GSA, as the square footage of building space under lease have been reduced and agencies reduce their overall space requirements.

Acquisition Services Fund

The Acquisition Services Fund (ASF), the primary fund of the Federal Acquisition Service (FAS), is a revolving fund that operates from the reimbursable revenue generated by its business portfolios rather than from an appropriation received from Congress. FAS business operations are organized into four business portfolios based on the product or service provided to customer agencies: General Supplies and Services (GS&S); Travel, Motor Vehicles, and Card Services (TMVCS); Integrated Technology Services (ITS); and Assisted Acquisition Services (AAS). By leveraging the buying power of the federal government, FAS consolidates requirements across multiple agencies and uses its acquisition expertise in order to acquire goods and services at lower prices.

In FY 2015, ASF realized \$8.2 billion in revenues. Revenues and expenses in ASF come primarily from the sale of goods and services and the respective costs

ASF Net Revenues from Operations
in millions



associated with them. Net Revenues from Operations are used to invest in the GSA Fleet, IT systems, other investments to improve FAS service levels, and to comply with regulatory and statutory requirements. The ASF reported net cost in excess of revenues of \$156 million during FY 2015, \$182 million less than FY 2014 net revenue in excess of cost of \$26 million. The most significant reduction in net operating results is attributable to the discontinued GS&S operations. The closure of a large inventory depot on December 31, 2014 resulted in the recognition of \$49 million in expenses associated with the rent liability for the remaining lease term. Additional costs associated with discontinued operations include employee separation expenses, inventory and fixed asset write-offs, and

accelerated amortization on leasehold improvements. Beyond the GS&S portfolio, reduced revenues were experienced across the major ASF activities. AAS,

the largest ASF portfolio, saw revenues drop over 9 percent, as orders for its services were significantly reduced. This reduction in orders was seen from Defense agencies, the portfolio's largest customer base. TMVCS revenues were also significantly reduced, attributable to a significant rate reduction implemented to reflect decreased petroleum cost, as well as a later than usual vehicle acquisition cycle which reduced vehicle sales proceeds. Under the category of smaller Other Programs, costs increased \$90 million, with significant expenses incurred in support of the Integrated Award Environment activities and the Common Acquisition Platform, for program investments such as software license acquisitions, and application design and implementation. The bulk of the increased costs were funded through the use of prior-year retained earnings rather than new reimbursable agreements with other federal agencies, resulting in the net cost exceeding revenues by \$77 million for the Other Programs category.

ASF obligations and outlays are primarily driven by contracts awarded to commercial vendors, who provide goods and services in support of the ASF portfolios. Obligations Incurred decreased by \$244 million between FY 2015 and FY 2014, mostly due to lower business volume with military customers in the AAS programs and fewer purchases of motor vehicles for the GSA Fleet program in TMVCS. Lower business volume also contributed to the decline in Gross Outlays and Offsetting Collections.

For more information about GSA's FY 2015 financial results; please visit the Financial Section of the FY 2015 AFR, at GSA.gov/afr2015.

Management Challenges Facing GSA

Each year, GSA's Office of Inspector General produces a report on "GSA's Major Management Challenges." Here are highlights of those management challenges and GSA's response:

Acquisition Programs

Issue: GSA continues to face challenges within the GSA Schedules Programs.

Response: GSA addressed the Schedules program challenges by:

- implementing horizontal price pressure through part number standardization and data-driven analysis of both catalog and transaction pricing to ensure competitive pricing is obtained across all Multiple Award Schedules (MAS) contractors
- launching a horizontal price comparison tool to determine fair and reasonable MAS pricing
- proposing new rule in Federal Register requiring transactional data reporting for the MAS and other GSA government-wide acquisition vehicles
- implementing a new contractor assessment model to address contractor compliance
- streamlining acquisition process and automating business process to address contract workload
- initiating Acquisition Development Program to focus on hiring, development and retention of acquisition workforce

Issue: FAS is challenged to develop its acquisition personnel to award, administer, and manage the One Acquisition Solution for Integrated Services (OASIS).

Response: As part of FAS's commitment to category management, responsibility for the OASIS contracts and program have been transferred to Region 10 in

support of FAS's work to establish its Professional Services Category. This allows for resources matrixed across multiple professional services contracts to be leveraged, ensuring adequate and effective resource utilization. The OASIS Program is fully staffed as planned.

Issue: GSA continues to face challenges to meet the government's evolving needs for telecommunications and integrated technology infrastructure solutions.

Response: GSA is implementing a transition strategy that capitalizes on lessons learned from the previous transition, as outlined in the December 2013 GAO audit report. As part of that strategy, FAS leadership initiated executive-level customer outreach by meeting with Agency Chief Information Officers. FAS will continue to coordinate planning and implementation activities and discuss transition initiatives in FY 2016 with a newly developed interagency Infrastructure Advisory Group, the OMB, and the U.S. Congress.

GSA's Real Property Operations

Issue: GSA needs to develop a portfolio strategy to meet OMB's "Reduce the Footprint" Initiative.

Response: GSA committed to reviewing its portfolio strategies in response to the U.S. Government Accountability Office (GAO) report entitled, GSA Needs to Determine Its Progress toward Long-Term Sustainability of its Portfolio (GAO-15-609). GSA's portfolio strategy is predicated upon the financial performance of assets as started under portfolio restructuring. GSA will re-examine current portfolio metrics for the end of FY 2016 reporting by consulting with industry leaders to glean applicable best practices

to further strengthen its asset management approach. This approach will address portfolio sustainability as well as agency mission need, which is a key component of the Reduce the Footprint initiative.

Issue: GSA faces significant challenges from the risks related to large-scale exchanges of real property.

Response: GSA created a Program Management Office (PMO) comprising nationwide experts in their respective fields of acquisition, real estate asset management, design and construction, and property disposal. The PMO will guide project teams through cost-benefit analyses and project development. GSA has taken steps to reduce the impact of these risks and will only pursue exchange projects that meet the needs of stakeholders and are the best value to the taxpayer.

Issue: Challenges persist to safeguard federal infrastructure and provide a secure work environment for the federal employees and contractors.

Response: GSA is developing a video content analysis initiative, in partnership with DHS Science and Technology, to enhance external building security through object detection and recognition and monitoring of street activity. Additionally, GSA is taking action to identify possible security weaknesses with concession vendors and outleases. GSA has repeatedly recommended corrective action to ensure all contractor employees accessing GSA facilities have the proper security clearances prior to site access and that background check information is shared with and retained by contract and project management staff. GSA has conducted initiatives to ensure that the Chief Security Office and PBS are coordinated around the security clearance process.

Financial Operations

Issue: GSA's transition of its Financial Management Line of Business (FMLOB) is a complex undertaking.

Response: GSA transferred our FMLOB to the USDA at the direction of OMB Memo M-13-08, Improving Financial Services Through Shared Services and the guidance to agencies to move to shared services models in the federal government. The agency expects

this migration to result in long-term savings and cost avoidance. GSA and USDA are cooperatively managing the relationship with regular governance meetings and a service level agreement that includes monthly performance metrics.

Issue: GSA continues to face challenges with the effectiveness of its internal control over financial reporting.

Response: In FY 2015, GSA implemented an improved internal control framework to address challenges with the effectiveness of financial reporting controls. This framework included:

- increasing senior leadership focus on internal controls
- analyzing audit findings, identifying the root cause for audit findings and developing corrective action plans that address the root cause of those findings
- restructuring OCFO to gain operational efficiency and standardization

Issue: GSA face challenges retaining consistent leadership in the Office of the Chief Financial Officer.

Response: GSA has recruited highly qualified senior leaders, created a new Deputy CFO position to assist in continuity of operations and developed and strengthened functional leadership opportunities.

Information Technology

Issue: Improved planning and development is needed to properly offer GSA's IT shared services to other agencies.

Response: GSA is working to improve the planning, management and offering of shared services to other agencies. A consolidated IT inventory has been developed to manage all current IT shared service engagements, as well as to track potential engagements with other agencies. A cross-agency team made up of members from GSA IT, FAS, 18F, OGP, OCSIT, and other stakeholders in GSA, has begun establishing policies and procedures that will promote a single intake process and help define a clear decision-making approach to entering new shared services engagements that best leverages the full range of GSA capabilities.

Issue: An increase in GSA IT executive turnover could negatively impact strategic planning and management of the Agency's IT infrastructure.

Response: GSA has taken aggressive steps to put permanent leadership in place, implement succession planning, and reduce turnover within the Office of GSA IT. In September 2015, we hired a permanent Chief Information Officer (CIO), promoting from within the agency to ensure continuity as well as create promotion and succession opportunities for the GSA IT workforce.

GSA's Green Initiative - Sustainable Environmental Stewardship

Issue: GSA faces challenges achieving sustainability and environment goals.

Response: GSA completed several actions to strengthen its project delivery program and collect quality data, per OIG's Recovery Act Sustainability Data Audit (report A130128, dated March 31, 2015). Specifically:

- policy requires sustainability data updates to be completed within 60 days after start of each gBUILD data call
- gBUILD has a "Challenge/not on track" minimum performance criteria status option
- a new Sustainability Exemption Oversight Process validates MPC statuses

Implementing GSA's Mobile Workforce Strategy

Issue: GSA's implementation of its mobile workforce strategy faces multiple challenges.

Response: GSA continues to leverage mobile workplace strategies such as telework, hoteling, and desk sharing to support model workplace projects which support new ways of working. To better understand the costs and benefits of telework, GSA has implemented a tracking tool to accurately identify and track virtual (full-time telework) agreements. GSA has verified and corrected, as appropriate, official worksite/duty station designations and corresponding locality pay for virtual and satellite workers. GSA will continue to assess the effectiveness of the model workplace strategy and to strengthen the controls that monitor the program.

U.S. General Services Administration

1800 F Street, NW
Washington, DC 20405

www.gsa.gov/afr2015